Distr.
GENERAL

IDB.26/15
15 November 2002

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-sixth session
Vienna, 19-21 November 2002
Item 3 (b) and 4 of the provisional agenda

IMPLEMENTATION OF MEDIUM-TERM PROGRAMME FRAMEWORK, 2002-2005

MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007

Towards improved UNIDO programme delivery:
[Strategic guidelines for the medium-term programme frameworks]

[Strategic guidelines for the formulation and implementation of the medium-term programme frameworks 2002-2007]

Note by Japan

Introduction

1. As stated in General Conference Resolution GC.9/Res.2, the Business Plan remains the basis for enabling UNIDO to adapt its functions and priorities and to orient its activities to the new realities of the changing global economic environment, while ensuring its viability and efficiency in the context of the ongoing reform process. The core principles of the Business Plan, i.e. good management and a clear focus on identified priority areas therein, remain valid. Though remarkable achievements in developing a clear thematic focus have been made by UNIDO since the adoption of the Business Plan, there is still scope for further sharpening the focus of its technical cooperation activities. In particular, UNIDO should focus on producing practical and useful deliverables through its technical cooperation activities in areas where its comparative advantage could be most beneficial with a view to achieving tangible results.

2. Considering the need to enhance the cost-effectiveness of UNIDO's use of resources, and the relevance of its cooperation activities and their socio-economic benefits, UNIDO should be encouraged to strive for further efficient and effective operations. This would lead the international community to recognize UNIDO as a revitalized and viable organization. It is sincerely hoped that through such efforts, UNIDO will attain the widest possible membership.

3. This set of strategic guidelines should be taken into account when implementing the medium-term programme framework (MTPF), 2002-2005, when developing the medium-term programme framework, 2004-2007, and during the preparation of the programme and budgets, 2004-2005.

4. The areas upon which UNIDO should focus its technical cooperation activities, and the key considerations in implementing these activities, are indicated in chapters II and III, respectively.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

I. GUIDING PRINCIPLES

5. The implementation of the MTPF, 2002-2005, the preparation of the MTPF, 2004-2007, and the preparation of the programme and budgets 2004-2005, should be carried out in a manner supportive to the overall aim of focusing and further improving UNIDO's technical cooperation activities in line with available resources. The planning of activities should be within the themes and priorities laid down in the Business Plan and in line with the funds that UNIDO can mobilize for their implementation through existing resources and increased efforts to raise additional funds from new and innovative sources.

6. In conformity with the Business Plan and the medium-term programme framework, 2002-2005 approved by the General Conference in resolution GC.9/Res.2, UNIDO's technical cooperation activities should be demand-led and should focus on areas where the Organization has a comparative advantage.

7. UNIDO should be guided by the emerging interests and concerns of developing countries facing changing conditions in international trade and investment as the process of globalization intensifies. By thus responding to the demands of its Member States, UNIDO could foster a greater sense of ownership of its technical cooperation activities, which should be focused on those areas within its mandate that are clearly identified in national poverty reduction plans and within agreed country strategies, and thereby ensure the successful implementation of its programmes and projects.

8. As stipulated in the Business Plan, while maintaining its universal character and vocation UNIDO should pursue a geographical, sectoral and thematic concentration of its activities by giving added emphasis to services provided to least developed countries (LDCs), in particular in Africa, with special attention to regional and subregional levels, as well as to those services in support of agro-based industries and SMEs. UNIDO should pay increasing attention to the needs of LDCs and to projects that would benefit the poor. Additionally, UNIDO should continue to give emphasis to the integration of women in industrial development.

9. In order to ensure the most effective contribution to the wider development goals of its beneficiary states, UNIDO should give particular consideration to other major United Nations development initiatives when developing its future activities. Within UNIDO's existing mandate, this would include giving particular emphasis to relevant recommendations in the Plan of Implementation adopted by the World Summit on Sustainable Development (WSSD) and ensuring that planned activities in Africa take into account the priorities established by the New Partnership for Africa's Development (NEPAD). It will also be necessary to ensure that activities are developed, where appropriate, within the context of the United Nations Development Assistance Framework (UNDAF) and in such a way that they contribute to the achievement of the Millennium Declaration Goals (MDGs).

II. AREAS OF FOCUS FOR UNIDO'S TECHNICAL COOPERATION ACTIVITIES

A. Strengthening industrial capacities

10. UNIDO should assist developing countries and interested countries with economies in transition to strengthen their institutional capacities to benefit from improvements in market access, and promote the rapid and full integration of these countries into the multilateral trading system, particularly in the light of the new round of WTO trade negotiations. This may be achieved, inter alia, by:

(a) Developing programmes for strengthening productive capacities, in particular through technology-based interventions, that target micro, small and medium enterprises and specific sectors, especially agro-based industries (in particular, textile, leather, food-processing and wood), with a view to enhancing the competitiveness of their products in world markets;

(b) Providing support in the field of standardization, quality control and conformity assessment procedures;

(c) Promoting the transfer of technology with a view to enhancing the productivity, competitiveness and quality of the industrial base of all developing regions of the world, particularly in the following areas: agro-related technology, new information and communication technologies and biotechnologies, bearing in mind the special importance of biotechnology and related activities for those regions. Although UNIDO has accumulated a notable expertise in the area of biotechnology, it should nevertheless be acknowledged that an organization of UNIDO's size needs to be very selective when working in such a vast area. Further discussions are warranted, relating in particular to any follow-up to the Global Biotechnology Forum to be held in Chile in December 2003 and the preparatory work for the Forum.

11. UNIDO should also promote investment and technology in developing countries through technical cooperation services and associated global forum activities in the following areas, with a particular focus on the development of agro-based industries and small and medium enterprises:

(a) Building institutional capabilities in investment and technology promotion;

(b) Promotion of management advisory services and improvement of the business environment;

(c) Support in the selection of appropriate technology to meet specific industrial development needs of developing countries and countries with economies in transition;

(d) Promotion of business alliances;

(e) Extension of technology foresight activities to all interested countries and regions in a demand-driven manner;

(f) Promotion of renewable and clean energy services for poor communities, particularly where these would contribute to increased productivity or local income generation.

12. UNIDO should support developing countries and countries with economies in transition in the design, formulation, implementation and monitoring of industrial policies and strategies.

B. Cleaner and sustainable industrial development

13. Assistance should be provided to Member States to facilitate effective compliance with their international commitments with regard to environmental protection, including:

(a) The phasing-out of ozone depleting substances as defined in the Montreal Protocol;

(b) The adoption of sustainable industrial development strategies and technologies and the implementation of international instruments, such as the Stockholm Convention on Persistent Organic Pollutants, the Kyoto Protocol to the United Nations Framework Convention on Climate Change including the Cleaner Development Mechanism, and the Cartagena Protocol on Biosafety to the Convention on Biological Diversity, inter alia through the development of national environmental norms and standards.

14. UNIDO should support the promotion of cleaner and sustainable industrial development, inter alia by:

(a) Continuing to cooperate with the Global Environment Facility (GEF) and to provide services to Member States in the GEF focal areas where UNIDO has a comparative advantage;

(b) Developing further cleaner production activities centred, among others, around the UNIDO/UNEP National Cleaner Production Centres (NCPCs) and focusing on specific subsectors, including industrial waste and pollution control activities;

(c) Helping to assess and overcome the negative environmental consequences of industry and mining on water degradation.

C. Global forum activities

15. These should focus on improving the understanding of how best to use sustainable industrial development to reduce poverty and ensure that the poor benefit from the process of globalization.

16. They should involve both strategic and action-oriented, project-related research; this should strengthen the systematic promotion of industrial development through UNIDO's technical cooperation programmes in developing countries and countries with economies in transition.

17. UNIDO should contribute actively to relevant global forums and the implementation of their outcomes, such as WSSD, the International Conference on Financing for Development, World Water Forum, World Summit on the Information Society, the TICAD process (Tokyo International Conference on African Development) and NEPAD (New Partnership for Africa's Development); such contributions can take the form, inter alia, of disseminating UNIDO's experience, highlighting the outcomes of its technical cooperation activities, and promoting the importance of implementing technologically sound projects.

III. CRITICAL ISSUES IN THE PROVISION OF TECHNICAL COOPERATION SERVICES

A. Organization and field representation

18. UNIDO's recent restructuring was intended to improve the Organization's ability to implement more effectively and efficiently its activities in line with the sectoral priorities defined in the Business Plan. UNIDO should continue to consolidate the benefits of this restructuring, inter alia by improving coordination across UNIDO's technical branches and among its staff. The further strengthening of internal coordination, including teamwork of the staff, would yield substantial benefits.

19. UNIDO's field presence at the national and in particular at the regional level should be optimized and strengthened, as appropriate, to ensure that it is well-

targeted, efficient and effective, and to promote regional integration through, inter alia, interaction and co-ordination with all relevant actors and stakeholders involved.

20. UNIDO should promote coordination and, where appropriate, partnerships with other actors at field level, taking into account existing coordination mechanisms.

21. Better use should be made of the existing network of institutions such as Investment and Technology Promotion Offices (ITPOs) and NCPCs to enhance synergy and create better relations with its clients.

B. Funds mobilization

22. Within the scope of UNIDO's mandate, increased use should be made of global funds such as the Multilateral Fund for the implementation of the Montreal Protocol, the Clean Development Mechanism of the Kyoto Protocol, and GEF; increased cooperation should also be encouraged with such funds as the United Nations Fund for International Partnership (UNFIP) and the Common Fund for Commodities, and with foundations and bilateral development assistance agencies.

23. Efforts should be further enhanced to mobilize funds in cooperation with recipient countries, placing special emphasis on funds for jointly developed Integrated Programmes (IPs) and Country Service Frameworks (CSFs) and other high priority activities in developing countries, particularly LDCs.

C. Cooperation with the private sector and civil society

24. Cooperation should be enhanced with private enterprises, foundations, research institutes and universities to make use of their experience; UNIDO should also further develop the business partnership programme, and sustain its active participation in the Global Compact process, inter alia, as a means of promoting corporate social responsibility.

25. UNIDO should identify and, where appropriate and in consultation with concerned Member States, use the services of technologically advanced non-governmental organizations (NGOs) and volunteers, including United Nations Volunteers and associations such as the "silver volunteers", with a view to making use of their expertise and technology in a cost-effective manner.

D. Sustainability of development assistance

26. The transition from aid to self-sustained growth should be encouraged, inter alia by promoting the national and local ownership of UNIDO's programmes and utilizing systems, equipment, and facilities that reflect the maintenance and management capabilities of the countries in question.

27. UNIDO should engage locally-recruited experts whenever possible with a view to facilitating the growth and development of indigenous knowledge and capabilities.

E. South-South cooperation

28. Efforts should continue to be made to assist in the transfer of technology and lessons learned from regions to other regions and from developing countries to other developing countries.

29. The implementation of projects by developing countries, and their transition from recipient to donor status, should be facilitated.

F. Efficient administration and effective oversight functions

30. UNIDO should review at regular intervals throughout their implementation and revise as necessary its IPs or CSFs, which remain the principal mode of delivery of its technical cooperation services, and its stand-alone projects on the basis of a thorough evaluation of the difference they have made in the recipient countries, taking into account the progress of funds mobilization, the performance of individual components and new realities in the subject countries, with a view to ensuring that these activities remain responsive to changing requirements.

31. A holistic and comprehensive result-based management system incorporating effective methods of performance measurement, monitoring and evaluation should be implemented. If quantification should prove initially difficult, the impact of programmes, projects and global forum activities should be reported in qualitative/ narrative terms as an interim measure.

32. The transparency and accountability of the utilization of external expertise should be increased.

G. Enhancing UNIDO's profile

33. UNIDO should strive to enhance its profile among decision-makers, the development community, the United Nations system and the public at large through interaction and complementarity with the programmes and activities of other actors in the field of development cooperation and through increased cooperation with enterprises and other entities in donor countries.

34. The revitalized UNIDO has found a niche for itself in global efforts at industrialization by innovative approaches to sustainable development ranging from

assisting industries to eliminate CFCs and to promoting environmentally compatible advanced and cleaner technologies. There is now general recognition of UNIDO's important role as a catalyst for industrial development in developing countries. However, a significant number of countries, including some that have left the Organization, still remain outside the membership of UNIDO. UNIDO should make systematic efforts to encourage non-Member States to join/rejoin the Organization.

35. UNIDO's global forum activities should also be considered as an ideal opportunity for disseminating information on its activities to the public.

IV. ACTION REQUIRED OF THE BOARD

36. The Board may wish to consider the information provided in the present document in the context of the draft decision submitted by Japan on this subject.